

Aurora Absolute Return Fund Performance Report - 31 March 2011

ASX Code: ABW

Summary

- The Fund implemented a change of investment objective and strategy from 1 March 2011. The Fund is now invested in the Aurora Fortitude Absolute Return Fund (the Master Fund)
- The Fund returned 0.14% for March compared to the RBA Cash rate which returned 0.40%
- The Fund announced a cash distribution of \$0.0230 per unit for the three months ending 31 March 2011 which represented an annualised yield of 7.95% p.a
- The Master Fund has returned 9.54% p.a since inception versus the RBA Cash rate which has returned 5.43% p.a over the same period

Performance¹

	1 month	3 months	6 months	12 months	3 Years (p.a)	Since Inception (p.a)
Aurora Absolute Return Fund ² (ABW)	0.14%	3.18%	6.88%	1.77%	1.23%	3.00%
RBA Cash Rate	0.40%	1.19%	2.38%	4.69%	4.66%	5.39%
S&P/ASX200 Accumulation Index	0.67%	3.23%	7.75%	3.44%	1.09%	3.12%

On 1 March 2011, the Trust changed its investment strategy and commenced investing via the unlisted Aurora Fortitude Absolute Return Fund (ARSN 145 894 800), the 'Master Fund'. The Master Fund has been in existence since March 2005, and its historical performance is referred to in the charts and tables below.

Investment Objective

The Trust aims to achieve a high rate of return, comprising both income and capital growth (and preserve the capital of the Fund) over both rising and falling equity markets. Please note that while we aim to achieve this objective, the returns are not guaranteed.

Investment Strategy - Master Fund

The Master Fund aims to produce positive returns irrespective of the direction of the share market, by investing in predominantly Australian listed securities and derivatives.

The Fund purchases both put and call options which allows it to profit from movements in the market both up and down. It then looks for short term trading opportunities to generate low risk returns from other strategies including;

→ Mergers and Acquisitions

→ Long/Short

→ Share Class Arbitrage

→ Yield securities

Each investment considers the risk, the timeline of that risk occurring and then the potential return. Low transaction costs and liquidity are other important factors in the success and implementation of the strategies.

Fund Features

ASX Listed	Code: ABW
Distribution Policy	At least 2% of Net Asset Value per Unit per quarter. ⁴
Distribution Reinvestment Plan	Available
Applications	Investors may acquire Units on the ASX or via the current Product Disclosure Statement
Redemptions	On market by selling on the ASX or off-market at the end of each month.

Fund Valuation

Fund Size ³	\$63.8 Million
Net Assets Value per Unit	\$1.1356

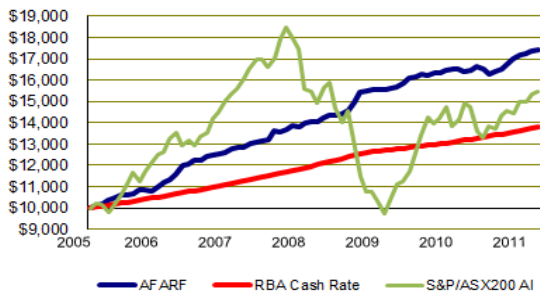
Fund Distributions (Per Unit)⁵

Period (per Unit)	Cash	Franking	Total	Yield at NAV (p.a)
31/12/2006	\$0.0486	\$0.0208	\$0.0694	9.00%
30/06/2007	\$0.1962	\$0.0371	\$0.2333	25.30%
31/12/2007	\$0.0333	\$0.0332	\$0.0665	7.60%
30/06/2008	\$0.0586	\$0.0400	\$0.0986	11.90%
31/12/2008	\$0.0450	\$0.0000	\$0.0450	7.60%
30/06/2009	\$0.0267	\$0.0000	\$0.0267	5.10%
31/12/2009	\$0.0450	\$0.0000	\$0.0450	8.80%
31/03/2010	\$0.0250	\$0.0000	\$0.0250	8.10%
31/06/2010	\$0.0250	\$0.0000	\$0.0250	8.20%
30/09/2010	\$0.0250	\$0.0000	\$0.0250	9.50%
31/12/2010	\$0.0230	\$0.0000	\$0.0230	8.30%
31/03/2011	\$0.0230	\$0.0000	\$0.0230	7.95%
Total	\$0.5744	\$0.1311	\$0.7055	

Performance Statistics - Master Fund

Performance since Inception - March 2005 (p.a)	9.54%
Volatility % p.a.	3.01%
Sharpe Ratio	1.42
% positive months	88%
Best month	3.63%
Worst month	-1.60%
Average positive monthly return	0.95%
Average negative monthly return	-0.51%

AFARF vs RBA Cash vs S&P/ASX200AI (\$)



Performance Commentary - Master Fund

March 2011 will undoubtedly be remembered for the catastrophic Japanese earthquake and tsunami. These events had a significant impact on world markets and followed on from unrest across the Middle East and a renewed focus on European sovereign debt risks. At its lowest point the S&P/ASX 200 Accumulation Index was down 7.52%. The Australian market staged a strong rally to finish marginally up by 0.13%.

The market volatility in the first half of the month provided significant trading opportunities for our option portfolio; however the second half rally saw a significant mark down in option price levels which curb its contribution for the month.

The mergers and acquisitions strategy was a negative performer for the month as two announced deals were jeopardised; these being Mantra Resources (MRU) and BC Iron Limited (BCI). MRU has agreed to a revision in the price of the deal but the proposed BCI scheme with Regent Pacific has been withdrawn.

The Master Fund was able to lock in some considerable margins in its convergence portfolio. The stand out was News Corporation (NWS) where there was significant buying in US markets which, combined with currency volatility, provided some short term trading opportunities.

The Master Fund's yield portfolio again provided consistent returns. The largest position, Fairfax Media Convertible preference Securities (FXJPB), will be redeemed in April so the Master Fund is selectively adding to some longer dated positions with Orica Limited Step Up Securities (ORIPB) and Woolworths Limited Floating Rate Notes (WOWHB) offering the most attractive characteristics.

About Aurora

Aurora Funds Limited ('Aurora', ASX Code: AFV) was listed on the ASX in July 2010. Aurora comprises the merged businesses of Aurora Funds Management Limited, Fortitude Capital Pty Ltd and Sandringham Capital Pty Ltd.

The combined group has in excess of \$500 million in funds under management and administration, and provides asset management and responsible entity/trustee services for over 3,500 Australian and New Zealand investors.

Aurora is also the Issuer and/or distributor of the:

- Aurora Fortitude Absolute Return Fund (ARSN 145 894 800)
- Aurora Sandringham Dividend Income Trust (ASX code: AOD)
- Aurora Sandringham Global Income Trust (ARSN 131 291 499)
- Aurora Global Income Trust (ASX Code: AIB)
- Aurora Property Buy-Write Income Trust (ASX Code: AUP)
- CORALS Commodities Fund (ARSN 131 196 882)
- van Eyk Blueprint Alternatives Plus (ASX Code: VBP)

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1. This number represents an estimated cumulative return and assumes reinvestment of distributions. 2. Performance based on estimated unit price. 3. Incorporates all unit classes within the Fund, and also individual mandates that are external to the Fund but utilise the investment strategy or direct variants thereof. 4. The Fund intends to always distribute at least 2.0% of NAV per Unit, excluding any franking credits, per quarter regardless of Fund performance. This means that if the Fund has insufficient net income in a given quarter, investors may receive a partial (or full) return of capital. 5. Each historical distribution has been divided by six to reflect the Unit split carried out in November 2009.

Disclaimer: This information has been prepared by Aurora Funds Management Ltd (ABN 69 092 626 885, AFSL 222110) in its capacity as Responsible Entity for the Aurora Absolute Return Fund. It has been prepared without taking into account the objectives, financial situation or needs of any investor, which should be considered before investing. Investors should consider a copy of the Product Disclosure Statement and seek their own financial advice prior to investing in the Trust. The information in this Performance Report is of a summary nature only and does not constitute advice of any kind, nor is it an offer of any financial product. Past performance is not a reliable indication of future performance. In particular as the Investment strategy of the Fund was materially altered in July 2009, and March 2011 and performance prior to these dates (being from three years to 'since inception') has little bearing on future performance. The payment of franking credits to Unit holders is subject to the Trust achieving a taxable profit in that year. Please see asx.com.au for more information on the S&P/ASX200 Accumulation Index.